

Message Text

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FM AMEMBASSY THE HAGUE

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E.O. 11652: N/A

TAGS: EAIR, XX, NL

SUBJ: CIVAIR-RESTRICTIVE FOREIGN AIRLINE PRACTICES

REF: STATE 196118

1. FOLLOWING BASED ON INFORMATION PROVIDED BY DIRECTOR OF PAN AM NETHERLANDS, MR HARDY DILLARD AND DISCUSSIONS WITH SEABOARD AND TWA SALES REPRESENTATIVES HERE.

A. CURRENCY CONVERSION REGULATIONS AND PRACTICES ARE NO PROBLEM.

B. FOREIGN EXCHANGE REGULATIONS DO NOT GIVE PREFERENCE TO PERSONS TRAVELING ON KLM.

C. WHEN DUTCH CITIZENS EMIGRATE, THEY ARE PROVIDED FREE EXCESS BAGGAGE ALLOWANCE OF 250 GUILDERS, GOOD ON KLM ONLY.

D. WHILE MOST NATIONAL COMPANIES DIRECT THEIR EMPLOYEES TO USE KLM FIRST, THEY DO NOT OBTAIN DISCOUNTS.

E. KLM IS KNOWN TO OFFER UP TO 15 PERCENT DISCOUNTS FOR LARGE TOURISTS GROUPS, BUT PROOF OF THIS IS NOT AVAILABLE.

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F. KLM THROUGH OWNERSHIP OF HOLDING COMPANIES HAS

FINANCIAL INTEREST IN 60 PERCENT OF TOUR OPERATORS IN NETHERLANDS. (US LAW PREVENTS SUCH PRACTICE BY PAN AM).

G. KLM OBTAINED FIRST CRACK AT NEW OFFICE SPACE IN EXTENSION OF TERMINAL BUILDING AT SCHIPHOL. ON OTHER HAND, AIRPORT AUTHORITY DOES NOT GIVE KLM PREFERENCE ON GATES OR START-UP CLEARANCE.

H. KLM HAD NO LOCAL BUNKERING PROBLEM DURING FUEL CRISIS. IT IS BELIEVED GOVERNMENT TOLD SHELL TO MAKE CERTAIN KLM OBTAINED WHAT IT NEEDED.

I. KLM HAS EXCLUSIVE FRANCHISE FOR CATERING AND FOR MAKING UP LIQUOR KITS. BECAUSE KLM HAS ONLY BONDED AREA AT AIRPORT, PAN AM MUST USE FRANCHISE, AT COST OF \$13,500 YEARLY. THIS IS NOT INTENTIONAL MONOPOLY, HOWEVER, BUT RATHER INTERIM MEASURE PENDING WILLINGNESS OF OTHER AIRLINES TO OBTAIN OWN FRANCHISES. FOR ECONOMIC REASONS, NONE HAVE.

J. IN EMERGENCIES, STATE CIVIL AVIATION SERVICE (RLD) WILL ISSUE TEMPORARY ORDERS TO KLM ASKING IT TO CARRY CHARTER PASSENGERS ON ITS SCHEDULED FLIGHTS.

K. KLM IS SAID TO OBTAIN INTEREST REDUCTIONS OF ONE-AND-ONE-HALF PERCENT BECAUSE DUTCH GOVERNMENT SECURES ITS LOANS.

2. DESPITE ADVANTAGE SOME OF THESE MEASURES GIVE KLM, DILLARD MAINTAINS THAT NONE CAN BE SAID UNFAIRLY TO PREJUDICE FOREIGN CARRIERS' ABILITY TO COMPETE. CONSENSUS OF PAN AM, SEABOARD AND TWA REPRESENTATIVES IS THAT DUTCH PRACTICES STEM SIMPLY FROM DIFFERENT CONCEPT OF DOING BUSINESS; I.E., NETHERLANDS IS NOT SO ANTI-TRUST AS US. TWA MANAGER, VAN DER TOGT, A DUTCHMAN, SAYS HIS MAIN PROBLEM IS THAT KLM FIELDS MORE SALES REPRESENTATIVES THAN HIS COMPANY.

3. SO FAR AS EMBASSY IS AWARE, PRACTICES LISTED ABOVE DO NOT VIOLATE INTERNATIONAL AGREEMENTS AND ARE NOT AMENDABLE TO CHANGE IN BILATERAL CONTEXT.
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